

## **MINUTES**

### **MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FINANCE**

**Call to Order:** By **CHAIRMAN BOB KEENAN**, on January 15, 2001 at 5:00 P.M., in Room 303 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Bob Keenan, Chairman (R)  
Sen. Ken Miller, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Sen. John Cobb (R)  
Sen. William Crismore (R)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Sen. Bea McCarthy (D)  
Sen. Arnie Mohl (R)  
Sen. Debbie Shea (D)  
Sen. Corey Stapleton (R)  
Sen. Bill Tash (R)  
Sen. Jon Tester (D)  
Sen. Tom Zook (R)

**Members Excused:** Sen. Chris Christiaens (D)  
Sen. Linda Nelson (D)  
Sen. Mignon Waterman (D)  
Sen. Jack Wells (R)

**Members Absent:** None.

**Staff Present:** Prudence Gildroy, Committee Secretary  
Jon Moe, Legislative Fiscal Division

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB 120, 1/13/2001; SB 103,  
1/13/2001; SB 179, 1/13/2001;  
HB 17, 1/13/2001  
Executive Action: HB 17; SB 120; SB 103

**Tape : 1; Side : A**

HEARING ON HEARING ON SB 120

Sponsor: SEN. JON TESTER, SD 45, Big Sandy.

Proponents: John Northey, Legal Council for the Legislative  
Audit Division.

Opponents: None.

Opening Statement by Sponsor:

SEN. JON TESTER, SD 45, Big Sandy, opened on SB 120. This bill, by request of the Legislative Audit Committee, changes state law to accurately reflect what state agencies are and should be doing regarding the deposits of receipts from surplus property sales.

Proponents' Testimony:

John Northey, Legal Council for the Legislative Audit Division explained that SB 120 resulted from an audit that was done at the Department of Administration. It was noted then that the surplus property program which is administered by the department is being accounted for in the enterprise fund in the state treasury. This is appropriate because the surplus property program deals with entities outside of state government--local government and private parties. Currently, state law provides that the accounting should be in the internal service fund. Technically, internal service funds are to be used only for operations that are internal to the department. What the Department of the Administration is currently doing is proper under generally accepted accounting principles. This bill would amend state law by changing the language in Section 18-5-203, MCA from "internal service fund" to "enterprise fund."

Opponents' Testimony: None.

Closing by Sponsor:

SEN. TESTER closed on SB 120.

HEARING ON SB 103

Sponsor: SEN. TOM ZOOK, SD 2, Miles City.

Proponents: Bud Clinch, Director of the Department of Natural  
Resources and Conservation.

Opponents: None.

**Opening Statement by Sponsor:**

**SEN. TOM ZOOK, SD 2, Miles City,** opened on the SB 103. SB 103 is at the request of the Department of Administration. The bill strikes some language and instead inserts language that says that the money from fines and forfeitures will go to the general fund.

**Proponents' Testimony:**

Bud Clinch, Director of the Department of Natural Resources and Conservation testified on behalf of SB 103. He said that in 1991 at the inception of the Recreational Use Access Program, a provision was entered into statute for the creation of a revenue account within the department and for the deposit of revenues from fines and fees generated associated with that program into that account. That has historically generated between \$2,000 and \$3,000 annually. Last legislative session, there was a bill that addressed the deposition of all fines and fees and further clarified that fines and fees shall be deposited into the general fund. That was enacted so as not to provide an incentive to agencies to be "cops out on the landscape, looking for fines and fees to bolster their budgets." SB 103 will make this collection of fines and fees consistent with other state laws.

**Oponents' Testimony:** None.

**Closing by Sponsor:**

**SEN. ZOOK** closed on SB 103.

**HEARING ON SB 179**

**Sponsor:** **SEN. TOM ZOOK, SD 2, Miles City.**

**Proponents:** **Jane Hamman, Office of Budget and Program Planning.**

**Opponents:** **None.**

**Opening Statement by Sponsor:**

**SEN. TOM ZOOK, SD 2, Miles City,** opened on SB 179. The bill is from the Office of Budget and Program Planning. In the last legislative session, legislation was adopted that asked the agencies to send their proposals for reducing their budgets 15% if that need arose. Few agencies responsibly tried to answer that charge. Before the language was in law, letters would be written to the agencies to request a priority list of 5-10% reductions and the responses were few. In 1993, when sizeable

reductions in increases were made, the 5% figure was not reached. It is hoped that this bill will produce more responsible responses.

**Proponents Testimony:**

**Jane Hamman, Office of Budget and Program Planning** testified on behalf of SB 179. The bill was developed cooperatively with the staff from the Legislative Fiscal Division, with technical assistance from **Greg Petesch**. This is a bill to reduce extra paper work, conflict and questions between the OBPP office and the agencies. It is an act generally revising laws governing budgeting and appropriations; clarifying the maximum expenditure for an emergency or disaster; providing that agency program budget reduction plans apply to the base budget for the general appropriations act and the state pay plan; providing that agency goals and objectives may be made available electronically; clarifying the recording of university funds under an operating budget; allowing the retransfer of money transferred for spring fire costs; clarifying the laws governing the reversion of funds; clarifying the procedure for a proposed supplemental appropriation to transfer funds between fiscal years; extending the duration of a budget amendment for federal funds to the end of the federal fiscal year; providing that charges for services and supplies between agencies are valid claims; and amending certain sections of law and providing an effective date.

**Questions from Committee Members and Responses:**

**SEN. GREG JERGESON** commented about the language concerning projected costs for spring fires. He stated that last spring there was a conference call to approve the supplemental and one of the reasons the transfer was underestimated was the fear that the funds could not be transferred back. This change would solve the problem of making a legitimate estimate for fighting fires without the worry about transferring the funds back to fight fires in the subsequent year. **Jane Hamman** restated that after the conference call meeting, they tried to find a way to put something in law that would enable the identification of the amount needing to be transferred to be estimated in time for the early June meeting of the Finance Committee and then if there was an overestimate, to be able to retransfer it back to the second year.

**Closing by Sponsor:**

**SEN. ZOOK** added that **REP. MATT McCANN** carried the bill in the last session that asked departments to have proposals for 15% reductions. **SEN. ZOOK** said he visited with **REP. McCANN**, who was

happy with the language in SB 179 that says "current base budget or lower if directed by the budget director." **SEN. ZOOK** closed on SB 179.

#### HEARING ON HB 17

**Sponsor:** **SEN. BOB KEENAN, SD 28, Big Fork (in the absence of REP. DICK HAINES, HD 63, Missoula).**

**Proponents:** **Don Artley, Administrator of the Forestry Division of the Department of Natural Resources and Conservation.**

**Opponents:** **None.**

#### **Opening Statement by Sponsor:**

**SEN. BOB KEENAN, SD 38, Big Fork (in the absence of REP. DICK HAINES, HD 63, Missoula)** opened on HB 17, an act appropriating money for the Department of Natural Resources and Conservation. It is commonly referred to as the supplemental for fire fighting.

#### **Proponents' Testimony:**

**Don Artley, Department of Natural Resources,** testified that HB 17 is the first of two supplemental appropriation bills that will be introduced this session. HB 3, the normal supplemental bill, has the balance of the fire supplemental. Because of the severe fire season of the past summer and the expenditures the department had to make, the department's normal budget had to be used to pay many of the bills. The normal appropriation is short of meeting normal expenditures for the current fiscal year. For the first year of the biennium (FY00) which ended last June 30, the department spent \$4,048,986 in obligations related to the fire season from the previous fiscal year. With the approval of the Legislative Fiscal Committee and the Budget Office, the \$4 million plus was transferred from the current budget for the current fiscal year back to the last fiscal year to meet those obligations, therefore leaving the current budget short for the current fiscal year. Because of the cash shortage in this fiscal year, \$2 million was borrowed from the Water Resources Division for the Forestry Division budget in order to meet normal obligations. This \$6 million plus supplemental appropriation will simply restore the department's budget for both divisions back to where it was in HB 2 as originally appropriated. All the costs for the past summer are included in HB 3. Passage of HB 3 was encouraged in order for the department to have its appropriation to meet payrolls for the next several months.

**Questions from Committee Members and Responses:**

**SEN. COREY STAPLETON** asked **Mr. Artley** about the final total cost to the state for the fires and the total amount in the end of federal matching dollars. **Mr. Artley** replied that between HB 3 and HB 17, the supplemental request will be approximately \$36 million. HB 17 will have about \$6 million. HB 3 will have about \$34 million [\$30 million]. \$25 million is expected in reimbursements from the Federal Emergency Management Agency as well as the federal agencies that were assisted by state personnel and equipment last summer.

**SEN. TOM BECK** asked if HB 3 would be held back until federal reimbursements are received; and if \$25 million of the \$30 million comes back, if only \$5 million would be asked for. **Mr. Artley** replied that it was not certain that reimbursement would be received in time to offset. He stated that the \$8 million might be received but the additional \$17+ million from FEMA will probably not be received until next fiscal year.

**SEN. JON TESTER** inquired how much federal money was expended to fight fires on federal lands. **Mr. Artley** said that for the past fiscal year \$8,138,272 was spent assisting federal agencies or other state agencies with department personnel and equipment and all of that money will be 100% reimbursed.

**SEN. ARNIE MOHL** asked for clarification regarding where the \$30 million was coming from. **Mr. Artley** explained that the \$30 million will be in HB 3 and it relates to the current fiscal year's fire expenses. **SEN. MOHL** asked if the \$6 million figure made up for the lack of reserves. **Mr. Artley** affirmed that the \$6 million would make the department's budget whole for the money borrowed from it to pay the last fiscal year's fire bills.

**SEN. ROYAL JOHNSON** asked again for clarification on the figures. **Mr. Artley** re-stated that HB 17 would be for \$6 million. HB 3 would be for \$30 million and the State of Montana would receive back a total of about \$25 million. **SEN. JOHNSON** asked if the \$25 million includes the \$8 million, which **Mr. Artley** affirmed.

**SEN. TESTER** asked if the fires cost Montana's taxpayers about \$11 million. **Mr. Artley** said that was correct along with an additional \$5 million expended from the Governor's emergency fund which is also taxpayer dollars.

**SEN. BECK** declared that the general fund is in a little bit of a pinch and asked if there was a way of getting assurances from the federal government to offset the \$25 of the \$30 million in HB 3

so that the expenditure really is \$5 million. Then the full expenditure to the general fund would not have to be shown for the next biennium. He asked if the total of \$25 million is shown as an expenditure. **Jane Hammond** affirmed that in the governor's budget on the balance sheet, the federal revenue and the general fund expenditures are included. The assumption was made that the federal revenue would come in over a period of two fiscal years. It was included in the ending fund balance that was stated in the budget. **SEN. BECK** asked if the \$25 million is included in the ending fund balance and **Jane Hammond** affirmed that it was.

**Closing by Sponsor:**

**CHAIRMAN KEENAN** closed on the bill for **REP. HAINES**.

**EXECUTIVE ACTION ON HB 17**

**Motion:** **SEN. JERGESON** moved that **HB 17 BE CONCURRED IN**.

**CHAIRMAN KEENAN** then addressed the matter of proxy voting for **SEN. JACK WELLS**, **SEN. MIGNON WATERMAN**, **SEN. CHRIS CHRISTIAENS** and **SEN. LINDA NELSON**. Voting would be open for 24 hours if votes need to be changed. He suggested that proxy voting forms be kept in packets and used as needed.

**Vote:** Motion on HB 17 **passed unanimously**.

Proxy votes were noted and absent senators will have 24 hours to change their votes if they so choose.

**EXECUTIVE ACTION ON SB 120**

**Motion:** **SEN. ZOOK** moved that **SB 120 DO PASS**.

**Vote:** Motion that **SB 120 DO PASS** carried unanimously.

**EXECUTIVE ACTION ON SB 103**

**Motion/Vote:** **SEN. ZOOK** moved that **SB 103 DO PASS**. Motion passed unanimously.

**ADJOURNMENT**

Adjournment: 5:30 P.M

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SEN. BOB KEENAN, Chairman

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PRUDENCE GILDROY, Secretary

BK/PG

**EXHIBIT** (fcs11aad)